
Report to: Clackmannanshire Council

Date of Meeting: 8 February, 2018

Subject: Clackmannanshire Council Best Value Assurance Report

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this paper is to introduce the formal presentation to Council of the recently published *Clackmannanshire Council Best Value Assurance Report* and the Accounts Commission's findings on that Report.
- 1.2. The Report will be presented to Council by a representative of Audit Scotland.

2.0 Recommendations

- 2.1. It is recommended that Council:
 - a) notes the contents of the Best Value Assurance Report (Appendix 1), commenting and challenging as appropriate;
 - b) notes and considers the findings of the Accounts Commission on that Report (Appendix 2) commenting and challenging as appropriate; and
 - c) agrees that an action plan is brought to the March, 2018, Council meeting to progress the recommendations contained in the Best Value Assurance Report.

3.0 Background

- 3.1 There is a statutory duty of best value for local councils. As part of this, once every five years, a Best Value Assurance Report on each council is submitted by Audit Scotland to the Accounts Commission.
- 3.2 Such reports seek to provide the Accounts Commission with assurance on councils' statutory duty to deliver best value, with a particular focus on the Commission's strategic audit priorities covering:
 - the clarity of council priorities and the quality of long-term planning to achieve these
 - how effectively councils evaluate and implement options for significant changes in delivering services
 - how effectively councils ensure that councillors and officers have the right knowledge, skills and time to lead and manage delivery of council priorities
 - how effectively councils involve citizens in decisions about services

- the quality of council public performance reporting to help citizens gauge improvement.

3.3 The audit work for this Council's Best Value Assurance Report took place between September and November of 2017 and included:

- interviews with councillors, senior officers and partner organisations
- observation of a range of council and committee meetings
- focus groups with council staff
- review of documents and performance information, including previous audit and inspection reports.

4.0 Considerations

4.1 The Best Value Assurance Report for Clackmannanshire Council is attached as Appendix 1 to this report and a representative from Audit Scotland will be in attendance at the Council meeting to present the Report.

4.2 As part of the formal process, the Report was considered by the Accounts Commission at its meeting on 11 January, 2018. Further to that consideration, the Accounts Commission issued its findings on 25 January. These findings are set out in full at Appendix 2 to this report. In summary, the Commission has accepted the Controller of Audit's Report, endorsed the Report's recommendations and intimated its expectation that the Council will act upon them.

4.3 Audit Scotland's recommendations are that:

- 1) councillors and officers should build on their constructive working relationships to provide the coherent, combined leadership necessary to secure the council's financial position;
- 2) the council should consider savings options and decide how best to direct resources to priorities; it should work with communities to develop options and prepare for the difficult decisions it has to make;
- 3) the council should further develop its working relationships with community planning partners to ensure their combined resource is directed towards the strategic local outcomes; and
- 4) the council should balance the drive for savings with the need for sufficient officer time and skills to support change. It should also consider how it could make more use of external assistance to support improvement.

4.4 In its findings, the Accounts Commission is also requiring (by June, 2019) a further report by Audit Scotland on the Council's progress in taking forward these recommendations.

4.5 Finally, it is standard practice for the Accounts Commission to seek a meeting to discuss the report and its own conclusions with all-party representatives of the Council and the Commission Chair has written to the Chief Executive. The purpose of this meeting is for:

- a) the Council to feed back its views on the Report's findings
- b) the Council to advise of what improvement steps it is considering
- c) the Accounts Commission to confirm the next stage of the best value process
- d) the Council to feedback its views on the audit process and any learning points.

5.0 Next Steps

5.1 As noted above, the Accounts Commission expects the Council to act on the recommendations contained in the Best Value Assurance Report, making particular reference to the need for urgent and decisive action.

5.2 The Council is well-placed to act, since in the last year Council has already taken a number of strategic decisions on organisational transformation and financial sustainability, notably:

a) agreed in the *Taking Clackmannanshire Forward* document a three step approach for operating in an increasingly challenging economic and financial environment;

b) agreed an overall Strategic Change Framework within which to undertake whole organisation redesign;

c) agreed a set of organisational design principles and a broad design for the organisation;

d) researched and piloted a number of core operating models to design and build services around; and

e) signed up to a Local Outcome Improvement Plan with community planning partners which sets out key strategic priorities for Clackmannanshire.

5.3 The next stage is to build on those foundations to move the transformation process to the next stage by:

a) taking forward whole organisation redesign and service transformation based on already agreed frameworks and principles;

b) agreeing which operating models should be used on a consistent basis across the organisation as redesign is progressed;

c) agreeing key priorities for future workforce development to enable and support redesign and change;

d) establishing a governance process and structure to drive, oversee and monitor the redesign and change process;

e) putting in place project management and governance arrangements, as well as other capacity, required to support the transformation process.

- 5.4 It is recommended, therefore, that an action plan is brought to the March meeting of Council which incorporates the above intentions, as well as other actions to address the recommendations contained in the Best Value Assurance Report.
- 5.5 Council should note that it is a requirement that to notify the Accounts Commission of any decisions made further to the consideration of its findings on the Best Value Assurance Report.

6.0 Sustainability Implications - n/a

7.0 Resource Implications - n/a

8.0 Exempt Reports - this report is not exempt.

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

Our Priorities

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life
Women and girls will be confident and aspirational, and achieve their full potential
Our communities will be resilient and empowered so that they can thrive and flourish

10.0 Equalities Impact

10.1 n/a

11.0 Legality

- 11.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers.
- 11.2 The Report is made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973.
- 11.3 The Accounts Commission's powers are set out in the Local Government in Scotland Act 2003 at section 3.

12.0 Appendices

- 1 - Clackmannanshire Council Best Value Assurance Report (Audit Scotland)
- 2 - Account's Commission Findings

13.0 Background Papers

1 - Letter from Audit Scotland dated 20, December, 2017

2 - Letter from Accounts Commission dated 17, December, 2017

3 - Letter from Accounts Commission dated 23, January, 2018

NAME	DESIGNATION	TEL NO / EXTENSION
Elaine McPherson	Chief Executive	Signed: E McPherson

Clackmannanshire Council

Best Value Assurance Report



Prepared for the Accounts Commission by the Controller of Audit
January 2018

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

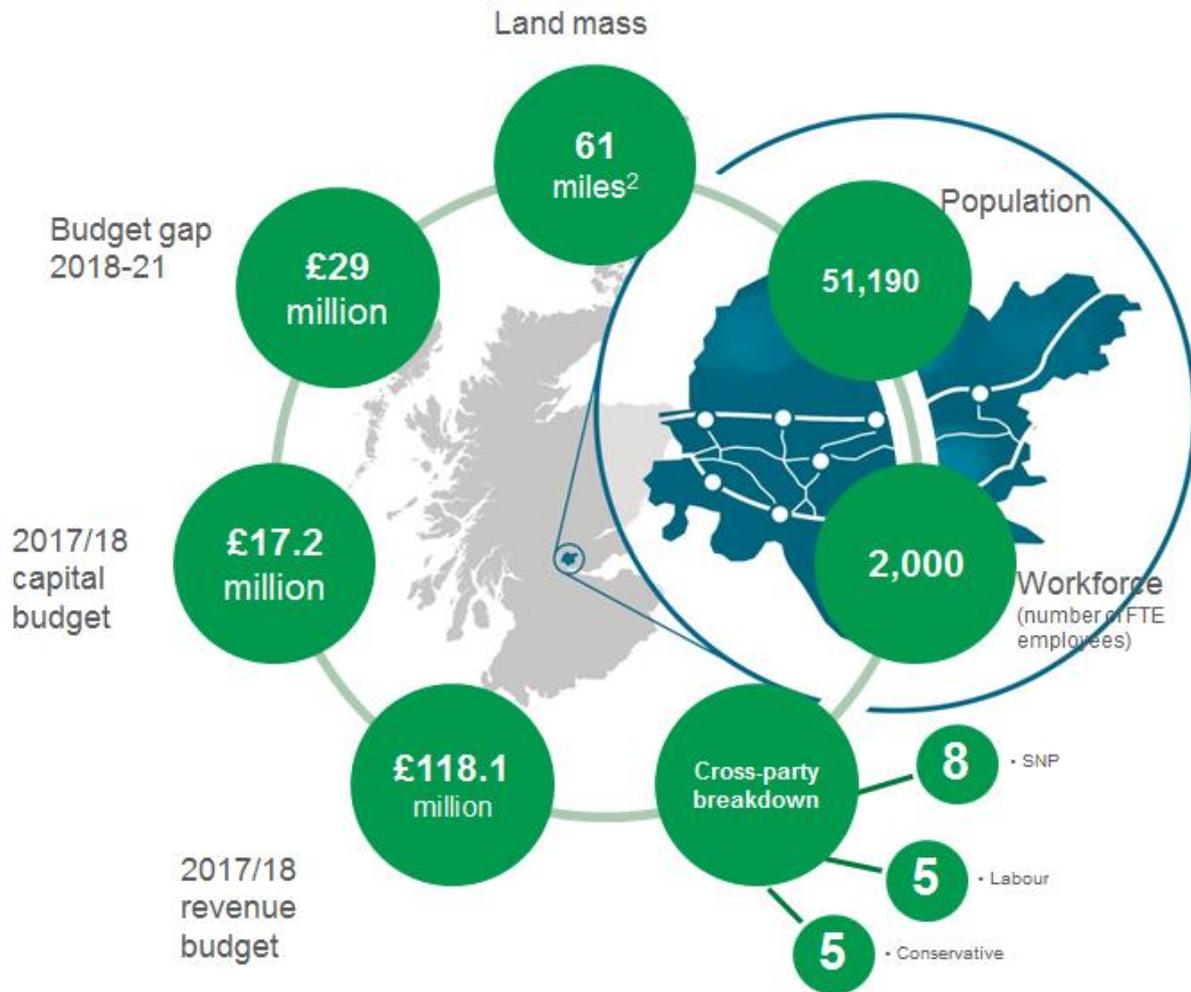
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Key facts



Capital expenditure includes spending on buildings and other assets needed to provide services, such as houses, schools and vehicles.

Revenue expenditure is day-to-day spend, such as employee costs and supplies and services.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Audit conclusions are reported each year through the Annual Audit Report, addressed to the Controller of Audit and the councillors. In addition, the Controller of Audit will present a Best Value Assurance Report (BVAR) to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first BVAR on Clackmannanshire Council under the revised arrangements.
2. This report seeks to provide the Accounts Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities covering:
 - the clarity of council priorities and the quality of long-term planning to achieve these
 - how effectively councils evaluate and implement options for significant changes in delivering services
 - how effectively councils ensure that councillors and officers have the right knowledge, skills and time to lead and manage delivery of council priorities
 - how effectively councils involve citizens in decisions about services
 - the quality of council public performance reporting to help citizens gauge improvement.
3. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver their priorities. The pace, depth and continuity of improvement are key to how well councils meet their priorities in future. Throughout this report we comment on the council's improvement over time and reflect our conclusions in the key messages.
4. Our audit approach is proportionate and risk-based: it reflects the context, risks and performance of the individual council. It also draws on the intelligence from audit scrutiny work carried out in previous years. In keeping with this approach we did initial work to define the scope of our audit. This included reviewing previous audit and inspection reports, council documents, initial meetings with senior officers and reflecting on our wider public sector knowledge and experience. [Exhibit 1](#) (page 6) shows the key areas we focused on for our audit of Clackmannanshire Council.

Exhibit 1

Key areas of focus for our audit

	The council's vision and priorities
	Performance and outcomes against the council's priorities
	Financial management and financial planning
	Community engagement so that residents have a say in how services are provided
	Partnership working
	Self-evaluation
	Plans for achieving transformation

Source: Audit Scotland

5. The detailed audit work for this report took place between September and November 2017. Our audit work included:
 - interviews with councillors, senior officers and partner organisations
 - observing a range of council and committee meetings
 - holding focus groups with council staff
 - reviewing documents and performance information.
6. This report reflects the work done on the key areas of focus noted above. Our work covers a number of Best Value characteristics included in the statutory guidance (2004), but does not cover them all. Our audit work in the future, as part of the annual audit of the council, will include follow-up on the findings from this report. It will also include more detailed audit work on other Best Value areas, as appropriate.
7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all councillors, officers and partners we contacted during the audit.

Key messages

- 1.** Clackmannanshire Council faces an acute financial position which requires it to achieve further savings of around £29 million over the next three years. This is a substantial saving in the context of the council's annual budget of £118 million. The council receives good quality information about its finances and has a clear understanding of the scale of the financial challenge.
- 2.** The council has made significant savings over recent years but has yet to make the transformational changes necessary to secure its financial position. It has used reserves to balance budgets; this is not sustainable and the council must now make difficult decisions about the services it can afford to deliver. It is reviewing how it operates, and will have to balance the drive for savings with the need for sufficient officer time and skills to support change.
- 3.** The council has well-established strategic priorities. But political instability in recent years has affected its focus and ability to make the decisions needed for lasting progress. Recently there are signs of more effective working relationships across political groups; this will be tested as the council deals with the difficult decisions it faces. Members and officers work constructively on a day-to-day basis. There is less evidence of coherent, combined political and officer leadership necessary to implement and maintain change.
- 4.** Clackmannanshire has several areas of comparatively high deprivation and economic activity is lower than the Scottish average. Over a period of budget reductions and service cuts, the council has maintained service performance and customer satisfaction in a number of key areas. But the pace of improvement is slow in some areas and not evident in others.
- 5.** The council works well with its partners to identify local priorities and to help deliver services. It worked closely with stakeholders in developing the new local outcome improvement plan (LOIP), which will be implemented by community planning partners, the Clackmannanshire Alliance. The LOIP includes a more focused set of local priorities, including specific geographic areas and particular groups of people, such as children and women. These provide a clear basis for prioritising resources in future.
- 6.** In our report on Best Value and Community Planning in 2007 we concluded that the council faced significant challenges with limited resources. The council has made improvements in some areas, but the financial challenges are much more significant meaning that it now needs to take urgent and decisive action. Only then will the council be in a position to demonstrate the pace, depth and continuity of improvement associated with Best Value.

Part 1

Does the council have clear strategic direction?



The council has well-established strategic priorities. But political instability in recent years has affected its focus and ability to make decisions needed for lasting progress

Recently there are signs of more effective working relationships across political groups; this will be tested as the council deals with the difficult decisions it faces.

Members and officers work constructively on a day-to-day basis. There is less evidence of coherent, combined political and officer leadership necessary to implement and maintain change.

The council is reviewing how it operates, and will have to balance the drive for savings with the need for sufficient officer time and skills to support change.

Clackmannanshire faces many challenges

8. Clackmannanshire is the smallest mainland council in Scotland. It serves more than 51,000 people over a 61 square mile area. The area's transport links have improved significantly in recent years with the reopening of the Stirling to Alloa railway and the construction of the Clackmannanshire Bridge.
9. Like most areas of Scotland, the population of Clackmannanshire is ageing; by 2033, one in four people in the council area will be over 65. Over the next 20 years the population is expected to decrease by 2.4 per cent, against a national expected increase in population of 8.8 per cent in the same period.
10. Clackmannanshire has significant concentrations of deprivation, including Alloa South and East and Tullibody North and South. People living in deprived areas have fewer resources and opportunities, for example in health and education. Nationally, Clackmannanshire has the eighth highest concentration of deprivation of the 32 Scottish councils. Full-time jobs in Clackmannanshire pay less than the Scottish average, and pay has fallen by six per cent since 2013, in contrast to a two per cent increase across Scotland.
11. The proportion of school leavers entering higher education in 2014/15 was 26 per cent, well below the Scotland rate of 38 per cent. There are around 9,000 children in Clackmannanshire, with around 2,000 (22 per cent) living in workless households and 2,400 (27 per cent) living in poverty.

The council has well-established strategic priorities

12. The council's vision and priorities are set out in the Council Plan 2012/17: *Taking Clackmannanshire Forward*. The vision is to deliver better services, better opportunities and better outcomes, for example improving people's

health and wellbeing, the area's economic strength and building strong communities. The Council Plan has nine priorities ([Exhibit 2](#)). Part 2 of this report considers progress against these priorities.

Exhibit 2

Clackmannanshire Council's strategic priorities 2012 to 2017

The Council Plan 2012/17 set out nine priorities:

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- Our public services are improving.

Source: Council Plan 2012/17: *Taking Clackmannanshire Forward*

13. In September 2017 the council endorsed Clackmannanshire's 2017-2027 local outcome improvement plan (LOIP). The LOIP was developed by Clackmannanshire's Community Planning Partnership, the Clackmannanshire Alliance, and provides a collective vision and focus for the area. The LOIP includes a more focused set of priorities which reflects the social and economic challenges that people in Clackmannanshire face. The council is developing a new corporate plan that sets out how it will achieve the new priorities.

Political instability in recent years has affected the council's focus and ability to make the decisions needed for lasting progress

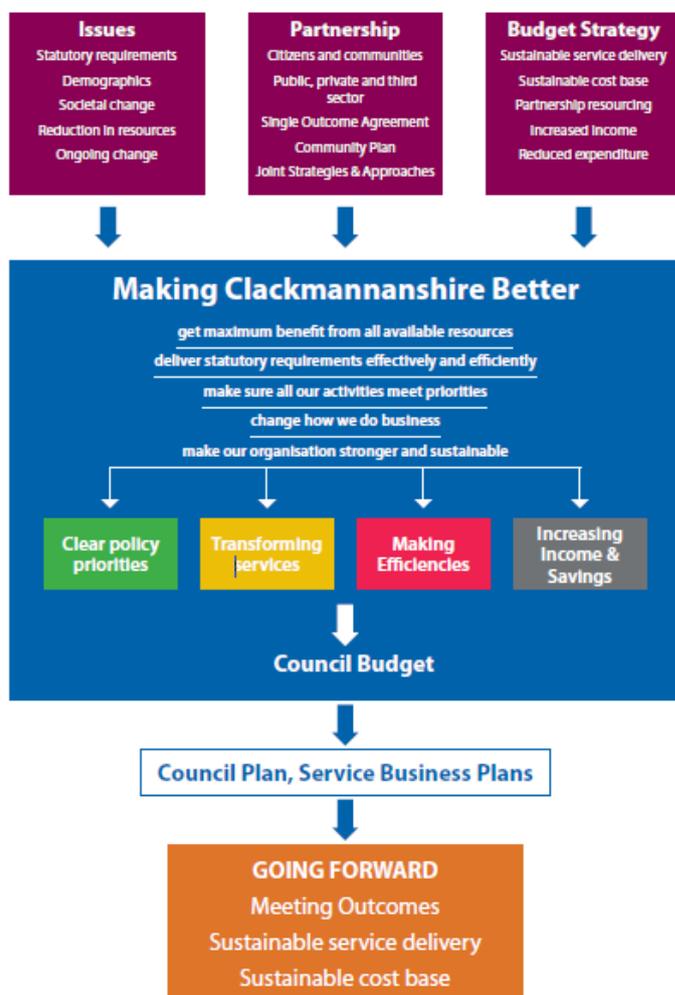
14. The council's acute financial position, which requires it to achieve further savings of around £29 million over the next three years, presents a major challenge to it achieving its strategic priorities.

15. In 2013, the SNP led council introduced a business transformation strategy, Making Clackmannanshire Better (MCB), as its response to the financial difficulties the council faced. MCB sets out how the council will reduce costs, deliver services in new and cost-effective ways and target resources effectively to the council's priorities. [Exhibit 3](#) shows the links between MCB and the council's budget strategy, council and service plans.

Exhibit 3

The council's strategy for delivering services

The aims of MCB are reflected in its budget strategy, council and service plans.



Source: Making Clackmannanshire Better booklet, Clackmannanshire Council

16. The council has used MCB to better involve councillors in setting policy and making decisions. It set up a member forum and members receive monthly updates on corporate developments and the council's progress in delivering savings.
17. In 2014 the council's external auditors reported that the council had developed three new target operating models for integrated services. The council intended to replicate these models across the council as a whole. In December 2014 the council rejected proposals for target operating models.
18. In 2015 the external auditors assessed the progress of MCB. Their findings and recommendations for improvement were presented to the Resources and Audit Committee in September 2015 in a report, *Delivering Change and Financial Sustainability*. The report highlighted concerns about the pace and scale of delivery.
19. In May 2016 the SNP administration resigned, following which Labour formed a new minority administration. In August 2016 the Labour administration presented an alternative to MCB, *Putting Customers First*, to improve services and more effectively achieve priority outcomes. This included community

consultation and proposals for reversing budget decisions by the previous administration. In February 2017 the Labour administration resigned following the council's failure to agree a budget for 2017/18 ([Case study 1](#)).

Case study 1

Councillors reversed decisions designed to improve the council's financial position

At the council meeting on 9 February 2017, two reports were presented by the chief executive and depute chief executive promoting and reiterating the need for transformational change and financial sustainability. This was to protect the council's financial position over the medium and long term. The reports clearly set out the financial challenges faced by the council, the need for organisational redesign, and the limited progress made in reducing its workforce through voluntary severance and redundancy. Councillors agreed:

- that compulsory redundancies could be used as a last resort once alternative approaches to severance had been exhausted
- to tender for external expertise to review and redesign how the council provides services.

A special council meeting took place on 23 February 2017 to agree the 2017/18 budget. The revenue budget presented incorporated the decisions agreed at the council's previous meeting. The administration put forward an amendment to reverse the decisions which it had proposed and voted through two weeks earlier. The amendment required a vote on changes to standing orders, which was defeated. The Labour administration resigned during the special meeting and the decision on the budget was deferred.

At the meeting on 23 February, despite not having an agreed budget, the council agreed to increase council tax by the maximum allowed, three per cent. Setting council tax without reference to an agreed budget is an exceptional situation but the council had a legal requirement to set its council tax. The council finally agreed its 2017/18 budget on 27 March 2017. The budget reversed the decisions agreed on 9 February.

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20. The May 2017 local government elections resulted in an SNP minority administration. It reinstated MCB, bringing it together with the Council Plan under the heading of *Taking Clackmannanshire Forward*.
 21. The council has not been able to achieve the transformation and change envisaged in MCB. A lack of consensus on the difficult decisions to be made has led to political instability. This has contributed to the council's lack of progress in implementing MCB and addressing its financial difficulties.
 22. Following the May 2017 election, there are signs of more effective working relationships across political groups. There is broad consensus about the scale of the financial challenge facing the council and indications of a greater willingness to work together. Working relationships will be tested as the council deals with the difficult decisions it faces. A clear focus on the fact that the duty of Best Value is for the council as a whole and not only the administration of the day is central to making lasting progress.
 23. The Accounts Commission has highlighted that good governance in councils requires good working relationships between members and officers. Getting these relationships right has a significant bearing on how well councils perform. Members and officers work constructively on a day-to-day basis. There is less evidence of coherent, combined officer and political leadership necessary to implement and maintain transformational change.

The council must now make difficult decisions to deliver services more efficiently

24. There have been notable differences in the level of savings agreed by the council across services. In recent years, corporate and housing services have made the largest savings relative to their overall budgets. This is already having an impact on services, which is considered in part 2 of the report.

25. Social services and education continue to make the lowest savings relative to their overall budgets. This is largely due to these services having been protected compared to other services. The council needs to consider whether it can continue to protect services to this degree given its financial difficulties.
26. The council agreed a new strategic model for providing services in March 2017. It plans to make initial annual savings of £1 million and create the conditions for improved services and further savings. The design includes three broad categories of council service:
 - People - services focused on individuals, families or groups of individuals with certain needs
 - Place - services focused on environments and geographic areas
 - Performance - services which enable the council to deliver its people and place priorities.
27. The new model focuses on greater integration of services, with new ways of working across departments. The council plans to review all services to determine the level at which they are most effectively and efficiently delivered. It aims to generate savings by reducing the level of resources required to deliver services. In reviewing how it operates, the council will have to balance the drive for savings with the need for sufficient officer time and skills to support change.
28. The chief executive has discussed the draft organisational design with all elected members, trade union representatives and service managers. The proposals for implementing the strategic model, elements of which were first considered by the council in 2014, are still to be agreed by members. The council must now agree how it will deliver services under its new model to secure the anticipated savings.

Part 2

How well is the council performing?



Over a period of budget reductions and service cuts, the council has maintained service performance and customer satisfaction in a number of key areas. But the pace of improvement is slow in some areas and not evident in others

The council has maintained high performance in some areas, but areas of poor performance have more than doubled to around a third of all indicators.

The council's shared service arrangement with Stirling Council, for education and social services, ended. The council used this opportunity to redesign services, with early signs of improvement.

The council has maintained performance in a number of key areas despite financial pressures

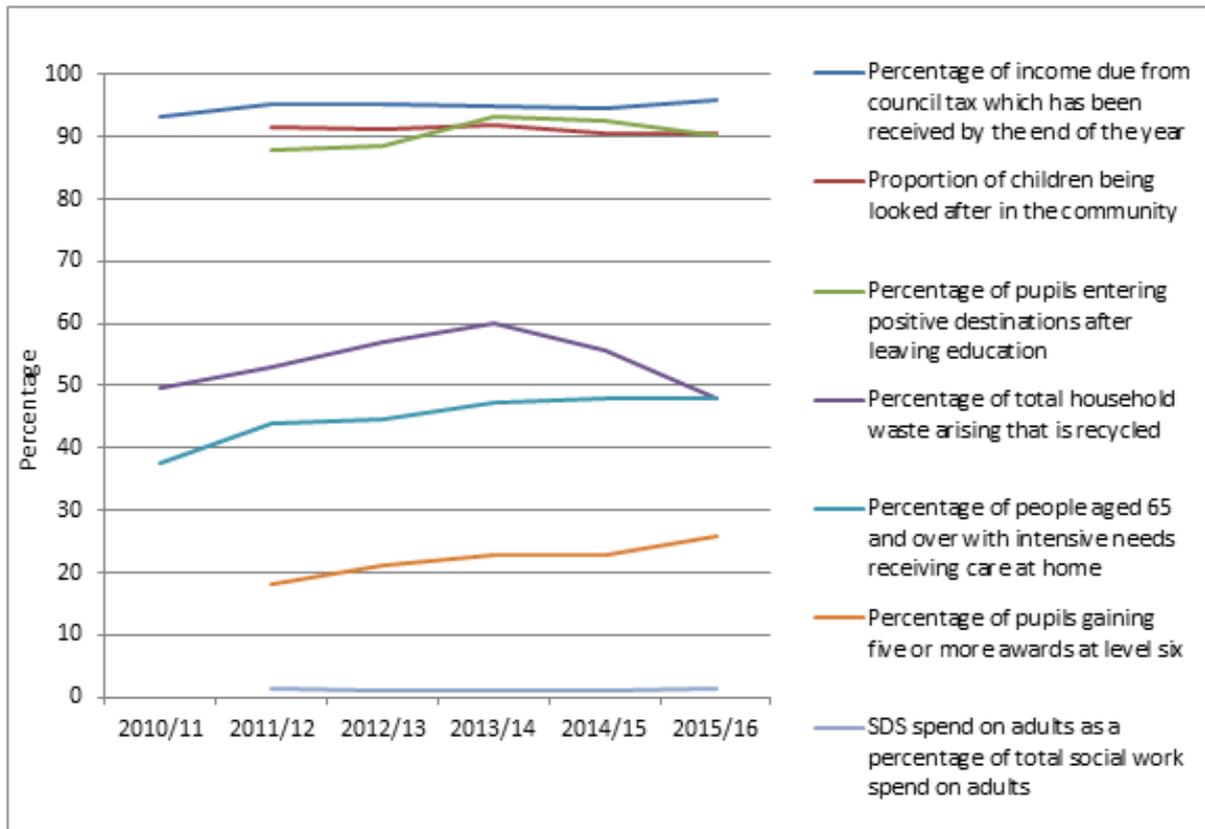
29. The council's latest self-evaluation was presented to the Corporate Management Team in November 2016.¹ This highlighted that the benefits of MCB were not being realised. It also noted that the unplanned ending of shared education and social services with Stirling Council in 2015 had led to additional pressures at a time of rising demands for social services.
30. In 2007 we reported that the council's performance varied across services. It had an above average proportion of performance indicators among the best performing councils in Scotland but also a slightly above average number among the worst performing councils². Between 2011 and 2016 the council has maintained performance against a number of key indicators ([Exhibit 4](#)).

¹ PSIF Self Assessment: November 2016

² Audit Scotland, Clackmannanshire Council: the Audit of Best Value and Community Planning (2007)

Exhibit 4

Clackmannanshire Council's performance against selected indicators, 2010/11 to 2015/16
The council has maintained performance against a number of key indicators over the last five years.



Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2015/16

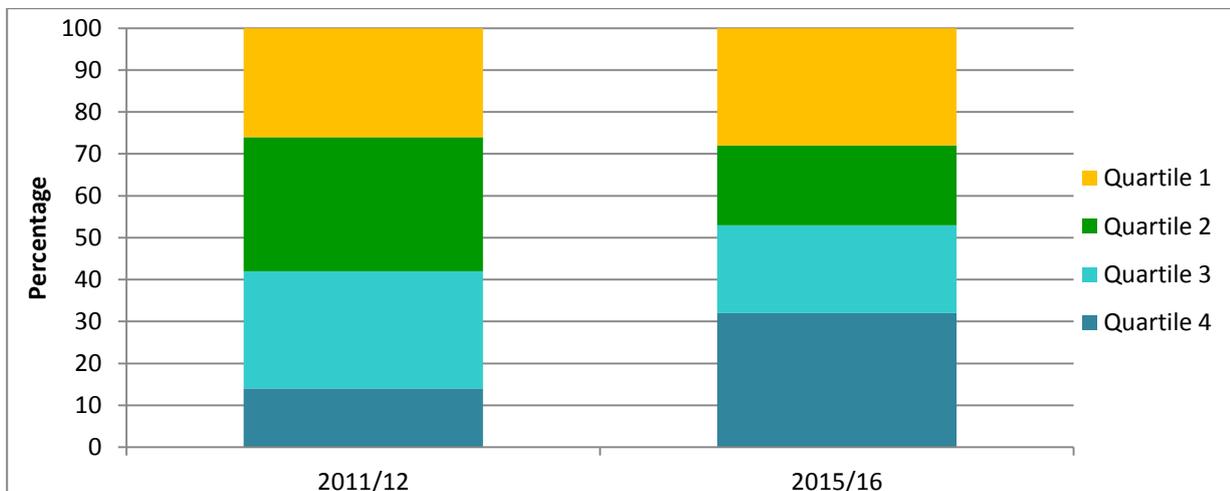
The council performs well in some areas, but areas of poor performance have increased

31. Similar to other councils in Scotland, the council has to deal with pressures including an ageing population, reduced social benefits, rising living costs, increasing poverty and vulnerability, and budget cuts. The council does however have more significant economic and social challenges compared to most other council areas. The council is trying to address these challenges alongside an acute financial position.
32. [Exhibit 5](#) sets out how the council is performing relative to other councils using the Local Government Benchmarking Framework (LGBF). Between 2011/12 and 2015/16, the council has slightly increased the proportion of indicators where its performance is among the best in Scotland from 26 to 28 per cent. Over the same period the proportion of indicators where its performance is among the worst in Scotland has increased markedly, from 14 to 32 per cent.

Exhibit 5

Comparing the council's performance against other councils

The percentage of indicators where the council's performance is above average decreased from 58 per cent in 2011/12 to 47 per cent in 2015/16.



Note: measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this it is possible to see how one council compares to all councils. Relative performance against other councils is divided into four equal bands, or quartiles. The first quartile contains the best -performing councils for that indicator and the fourth quartile includes the poorest performing councils.

Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2015/16

33. Children's and adult services account for half of the council's top scores. Children's services also account for nearly half of its lowest scoring indicators. Satisfaction levels are high despite outcomes remaining comparatively poor. In our Best Value report in 2007 we highlighted educational attainment was poor and required improvement. Average attainment levels at S4 have risen over time and are now around the national average. The proportion of pupils gaining five or more awards at level five and six remains in the bottom quartile and pupils entering positive destinations after school are among the lowest in Scotland.
34. In 2011/12 the council performed comparatively well across its corporate services indicators, but these now make up a third of the areas where the council's performance is poor. Part 1 of this report notes that corporate services budgets have had larger percentage cuts in recent years than other services, though there may be other reasons for the decline in performance. For example, the introduction of new centralised invoicing processes has been highlighted by the council as a reason for short-term decline in service performance.
35. Despite the challenges the council faces, in recent years it has won awards for elements of its services. In 2013 the council received a four star recognition for excellence from the European Foundation for Quality Management. It has also been recognised by the Convention of Scottish Local Authorities. For example, in 2017 the council won the Excellent People, Excellent Outcomes Award for its young parents project with NHS Forth Valley.

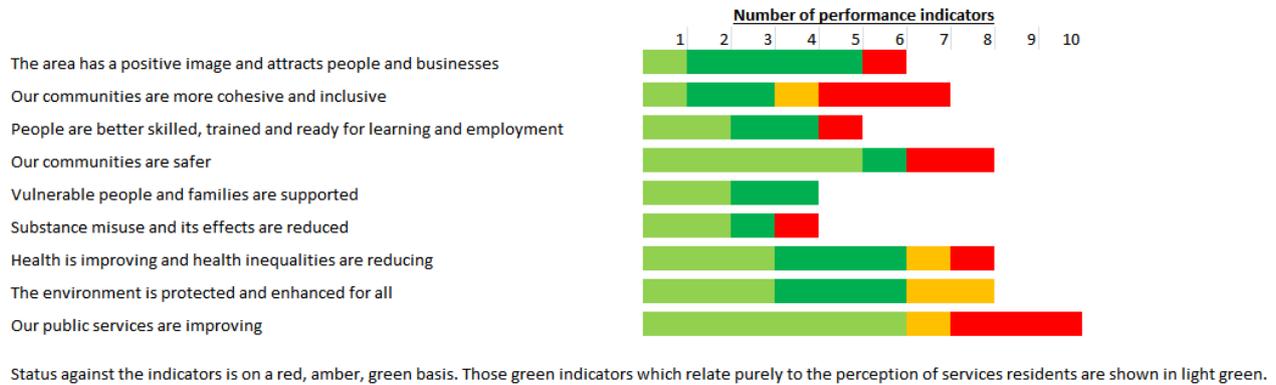
The council has maintained customer satisfaction despite falling performance in some areas

36. It is reasonable that all councils will have a mix of indicators across the quartiles. This is because councils will prioritise the budgets or services that support their overall priorities, meaning that lower priority services can be expected to score less well. Clackmannanshire's self-evaluation includes performance indicators organised under its nine priority areas. [Exhibit 6](#) draws on the council's self-evaluation to show progress against these priorities.

Exhibit 6

Clackmannanshire Council's self-evaluation against its priorities

The council shows current status against priorities, but some information is not available and around half of the positive indicators (green) relate to perceptions of residents.



Source: Clackmannanshire Council self-evaluation reported to the corporate management team in November 2016

Note: Indicators in green are those that the council judges have met target. Those in light green relate to indicators met which relate purely to the perception of services by residents. Amber indicators are those in progress towards achievement. Red indicators are those which are below the council's targets and require attention.

37. Residents of Clackmannanshire have a positive perception of the services they receive. The 2016 Citizen's Panel results reveal highly positive perceptions of Clackmannanshire and its attractiveness to people and business: 96 per cent of residents feel they have good access to nature and open spaces, 91 per cent believe Clackmannanshire is a good place to live, and 74 per cent believe it has a good physical environment. Of the 43 indicators making up the green status in exhibit 6, 25 (58 per cent) relate directly to resident perceptions of services.

The council's shared service arrangement with Stirling Council, for education and social services, ended. The council used this opportunity to redesign services, with early signs of improvement

38. The council began discussions with Stirling Council for a shared service for education and social care in 2010 and agreed to have joint heads of service. A strategic agreement was reached in 2013. The councils were aiming to improve service quality and efficiency while maintaining their independence. The shared services worked on a lead authority model, with Stirling Council acting as lead for education services and Clackmannanshire Council as lead for social services. This covered management-level arrangements and some operational arrangements but separate governance arrangements continued within each council. This included separate reports being taken to each council by the shared services.
39. In 2015, the two councils commissioned a review of the shared service arrangements. The consultants concluded that over £1 million a year was being saved between the two councils and fully integrating services would create a further marginal saving.
40. The two councils agreed in August 2015 to continue considering options for shared services. In September 2015 Stirling Council issued a media statement that it intended to end the shared services. This was agreed by Stirling Council in October 2015 and was accepted by Clackmannanshire Council later that month.

41. Since the decision to end the shared service, the council has redesigned social care and education services and focused on improving performance. The council has appointed senior officers to lead the individual services. The shared service arrangement officially ended in March 2017.

Performance in social services declined during the transition from the shared service but the council is taking action to address this

42. The council had a short period of time to react to the end of the shared service. Its initial focus was on developing new strategies and ensuring that services continue to be delivered. The council appointed a new head of service who is also its chief social work officer in October 2016.
43. The end of the shared social work service meant the end of an arrangement to share the payroll costs of 28 staff with Stirling Council. The council also lost access to specialist support in areas including policy and planning and data analysis. This made service redesign more difficult.
44. Sickness rates among staff in the service had been high and increased during the transition to a single service. In adult care services the average number of days lost increased from 15.1 days in 2015/16 to 21.0 days in 2016/17. This is an increase of 39.2 per cent, and is well above the target rate of ten days. In child care services sickness rates increased from 7.4 days to 12.5 days, again against a target rate of ten days.
45. Other indicators show declining performance. The council is required to help people leaving care to plan their future. This is called a pathway plan. The percentage of people over 16 leaving care with an allocated pathway provider and a pathway plan has fallen from 89 per cent in 2014/15 to 55 per cent in 2016/17. The proportion of people leaving care with just an allocated pathway provider also fell from 100 per cent to 55 per cent over the same period.
46. The council has taken action to address declining performance with early signs of improvement. The 2017/18 Social Services Business Plan sets out how the council will redesign services for children and families and justice social work. The council has produced a Children's Services Plan and carried out a scrutiny review of social services. It has also reviewed intensive family support services. This has included a campaign to increase the number of local foster carers, and investment in independent living accommodation and self-directed support packages for looked after children. The council is currently forecasting a £642,000 underspend in its 2017/18 residential placements budget, compared to a £636,000 overspend last year.

The council is working as a 'challenge authority' to improve the performance of its education service

47. During 2016/17 the council appointed a new chief education officer and a new management team for its education service. The council's initial focus has been on implementing policies and procedures to support the new service.
48. The education service team has built on previous plans set up under the shared service and has appointed an analyst to improve evidence-based monitoring of improvement. The council reports improved attendance in schools and reduced exclusions. Local satisfaction with the education system is notably higher than the Scottish average (87 per cent compared to 78 per cent nationally).
49. In June 2016 Education Scotland provided the council with a report on the quality of its primary education based on inspection results between 2011 and

2015.³ Forty per cent of primary schools were assessed as weak or satisfactory during this period. Across Scotland only 14 per cent of primary schools on average are classified as weak or satisfactory, with the vast majority receiving a more positive assessment.

50. There has been gradual improvement in outcomes for secondary school pupils. Attainment levels have risen and positive destinations for school leavers have increased, from 87 per cent ten years ago to 93 per cent in 2015/16.
51. In October 2017 the council reported progress against the Insight Benchmarking Tool developed by the Scottish Government. This allows councils to view progress against the national picture and a virtual comparator based on pupils with similar backgrounds. In most cases the council is in line with the virtual comparator. Education Scotland is planning to review the council's progress in more depth in 2018.
52. The council has been identified as one of nine challenge authorities by the Scottish Government. As a challenge authority it receives additional support. The council has been working with Education Scotland and the Scottish Government through this period of change. The council has also changed the structure of the service to allow closer working between local schools.

³ *The Quality of Primary Education in Clackmannanshire*, presented to councillors June 2016

Part 3

Is the council using its resources effectively?



The council faces an acute financial position which requires it to achieve further savings of £29 million over the next three years

The council receives good quality information about its finances and has a clear understanding of the scale of the financial challenge.

The council has made significant savings over recent years but has yet to make the transformational changes necessary to secure its financial position.

The council has used reserves to balance budgets; this is not sustainable and the council must now make difficult decisions about the services it can afford to deliver.

The council receives good quality information about its finances and has a clear understanding of the scale of the financial challenge

53. The council has effective arrangements for financial planning. Its budget strategy sets out its financial planning assumptions and indicative savings for a rolling four-year period. The council uses scenario planning to forecast funding gaps in a best, median (most likely) and worst case scenario. These scenarios, which it regularly reviews, are based on different sets of assumptions for variables such as Scottish Government funding and inflation.
54. The council is forecasting annual funding gaps for 2018/19 to 2020/21 of £13.1 million, £7.9 million and £7.7 million respectively. This is a cumulative funding gap of £28.7 million. As a proportion of net expenditure this is among the highest funding gaps of any Scottish local authority.
55. Making Clackmannanshire Better (MCB) is the council's response to its financial challenge. The business transformation strategy aims to:
 - reduce expenditure
 - maximise income
 - redesign service provision
 - implement other targeted initiatives to deliver high quality services from a sustainable cost base.
56. The council's budget strategy and its process for agreeing the annual budget are aligned with the aims of MCB. The council's process for setting its budget is well-established and involves:
 - officers putting forward savings options, management efficiencies and suggestions for service redesign

- consultation with residents on savings options
- monthly member meetings to develop the budget and consider officer savings options
- consultation with trade union representatives.

57. Councillors have been made aware, for some time, of the scale of the challenge the council faces and are satisfied with the information provided by officers on the financial position. They receive regular, clearly set out reports updating them on predicted funding gaps and the council's progress in achieving agreed savings.
58. Detailed scrutiny of financial performance is delegated to the Audit and Finance Committee, which receives regular revenue and capital monitoring reports. These reports provide an overall picture of the budget position at a service level. The reports also forecast the outturn position for the year and include explanations for significant variances against budget. They provide detailed information which allows councillors to scrutinise the council's finances.

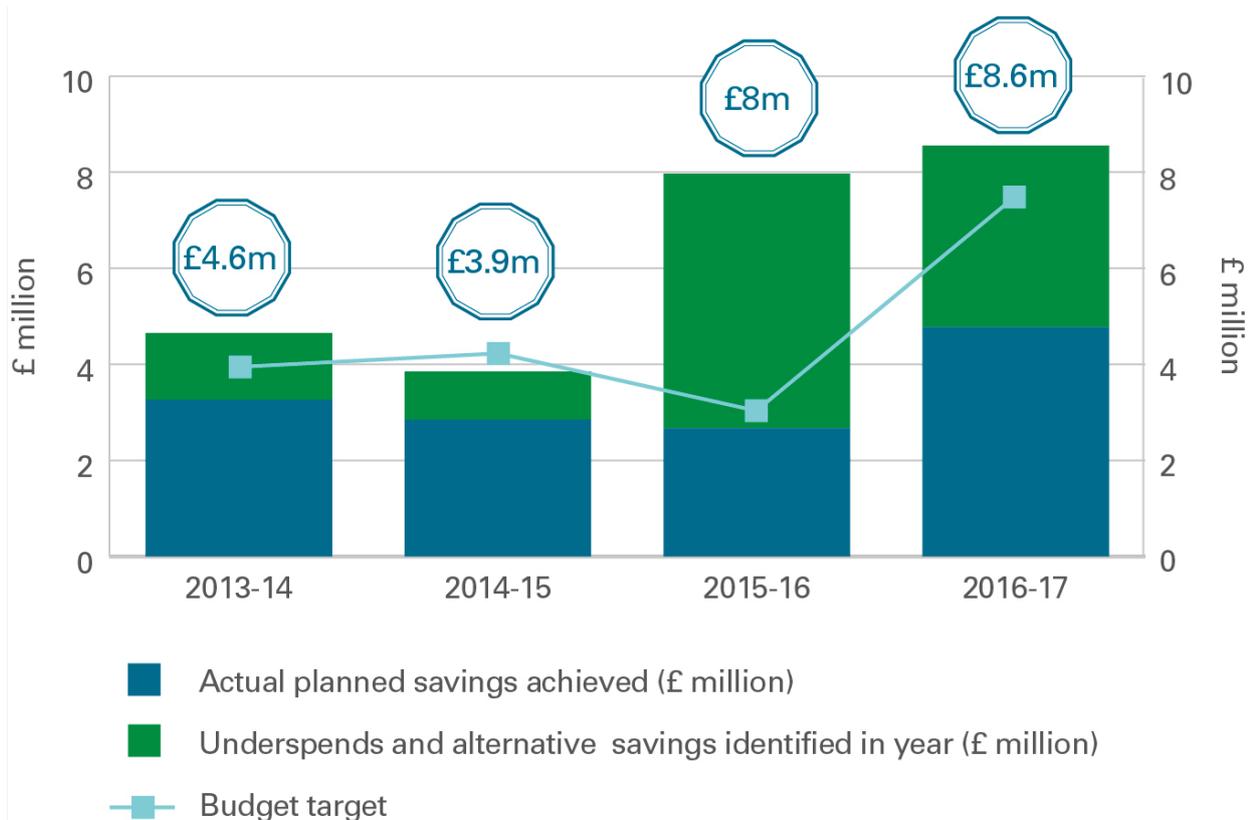
The council has made significant savings over recent years but has used reserves to balance budgets, which is not sustainable

59. The council has managed its financial position in recent years through a combination of achieving agreed savings, use of reserves and underspending against budget.
60. In 2016/17 the council recorded an underspend of £1.2 million against its 2016/17 revenue budget of £118.1 million. The council did not achieve the full level of savings agreed in the 2016/17 budget but was able to deliver services within budget by identifying alternative savings, restricting spending and making net underspends within services. [Exhibit 7](#) compares the savings made between years.

Exhibit 7

Breakdown of savings achieved against budget

The council has not fully achieved savings targets but has identified alternative savings and underspends



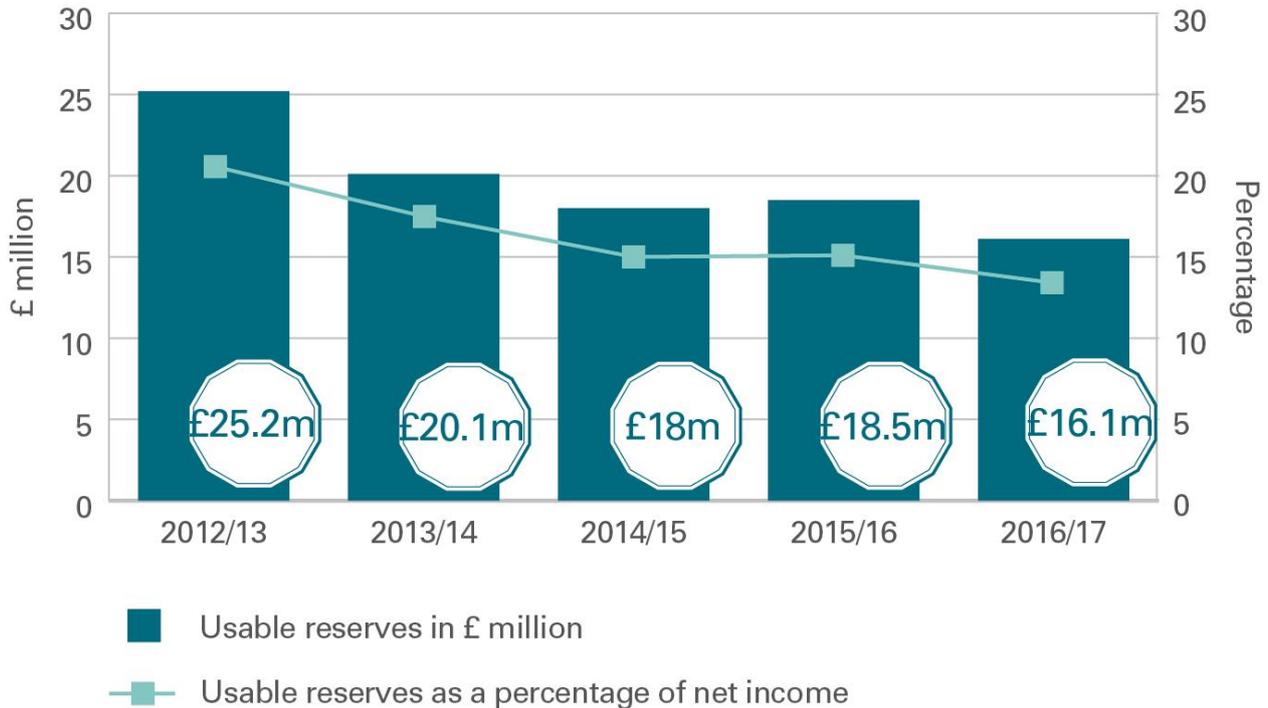
Source: Audit Scotland analysis of budget papers

61. Underspends have, in some cases, been achieved through additional reductions in spending on some services, for example services operating with unfilled vacancies. This is not sustainable. It places strain on staff and risks affecting the quality of services.
62. The council has agreed savings of £36 million since 2011 but has yet to make the transformational changes necessary to secure its financial position. As a result it has had to use £15 million of reserves over the same period to balance budgets. The council approved its 2017/18 budget in March 2017. It set a general services budget of £118.1 million, which included agreed savings of £6.8 million. This left a budget gap of £3.5 million which the council plans to meet through contributions from reserves.
63. The council agreed managed use of reserves was necessary to support the implementation of MCB but officers have regularly advised that it cannot continue to use reserves to balance budgets. The level of council reserves available to spend as a percentage of the council's annual net income has reduced over four years from 20.6 per cent in 2012/13 to 13.4 per cent in 2016/17. Between 2012/13 and 2016/17 usable reserves have decreased by £9.1 million to £16.1 million ([Exhibit 8](#)).

Exhibit 8

Usable reserves as a percentage of net income

The level of usable reserves has reduced significantly since 2012/13.



Source: Audited financial statements

64. The council reviews the level of its uncommitted reserves when setting the budget each year. The council's reserves strategy specifies that it should retain uncommitted reserves at a minimum level of three per cent of net expenditure. The uncommitted element of the general fund at 31 March 2017 was £4.8 million which represents 4.4 per cent of net expenditure.
65. The council was identified in *Local government in Scotland: Financial overview 2016/17* as one of three councils that would run out of general fund reserves within two to three years if it continued to use reserves at the level planned for 2016/17.
66. The council needs to make difficult decisions about its services and how they are provided to ensure it balances its finances. This is clear from the range of savings options put forward by officers as part of the 2018/19 budget process. Some of the options proposed would result in reductions in services from current levels.

The council has reduced its level of borrowing

67. The council has reduced its external debt by £33 million since 2010/11. This has been achieved by setting an advisory limit for capital expenditure to minimise the requirement for new borrowing.
68. The council holds outstanding loans of £146 million at 31 March 2017. This consists of external borrowing of £104 million and long-liabilities relating to three schools' public private partnership finance leases of £42 million. The council's borrowing remains within its external borrowing limit of £155 million for 2016/17 set out in its treasury management strategy. The council's borrowing as a proportion of income is relatively low compared to other Scottish councils.

There is scope for the council to further develop workforce planning

69. The council approved its Interim Workforce Strategy 2015/16 in October 2015. This set out the council's longer-term workforce planning objectives. The council identified that it needed to reduce its total workforce of 2,162 full-time equivalent (FTE) staff by approximately 320 to 350 FTE over the next few years (between 15 and 17 per cent of its workforce). In 2016/17, the council's take-up rate for voluntary redundancy was less than a third of that needed to meet its savings target.
70. The council has developed a draft organisational workforce plan covering 2017 to 2020. The draft plan sets out information on the skills and numbers of staff the council will need. It plans to achieve significant savings through changes to how it delivers services under its new strategic model. The council recognises that it will need to continue to refine workforce planning to ensure it achieves the savings required.
71. The council has made progress in reducing staff numbers but has struggled to attract and retain staff in key areas of the business. For example, it has found it difficult to recruit suitably qualified and experienced finance staff. As a result, the finance team has experienced staff turnover and levels of vacancies.
72. The council needs to address its high level of sickness absence. In 2015/16, the average number of days lost through sickness absence was 7.2 days for teachers and 13.4 days for other council employees. This is an improvement from 2012/13 when sickness absence was 15.7 days for teachers and 21.1 days for other council employees. The council's sickness absence remains among the highest in Scotland and does not compare favourably to the Scottish average of 6.1 days for teachers and 10.6 days for other employees.
73. The council's absence data for 2016/17, reported to the Scrutiny Committee in August 2017, shows that the combined sickness absence for teachers and other council employees was 14.7 days compared to its target of 11.3 days. The council is working to implement a revised policy for maximising attendance in an attempt to reduce absence.
74. The council's workforce plan states that it will survey staff on an annual basis to understand how they feel about working for the council. The council has not done this, with the last staff survey carried out in 2014.

The council has well-established arrangements for managing assets

75. The council has asset management plans in place across its main services. These plans set out how the council will maximise the performance of its assets and are linked to the priorities in the Council Plan. The property asset management plan has expired and the other plans are due to expire soon. The council is updating its asset management plans as part of its refresh of all strategic plans following the May 2017 election.
76. The council has completed a stock condition survey which will be used to inform officers and members of the viability of its housing assets. The council plans to develop a refreshed five-year asset management plan based on the results of the survey.
77. Effective management of property assets is an important means of generating savings and income, for example through asset rationalisation. The council undertakes an annual property review to identify buildings it no longer needs and can consider selling. The council also reviews leased and rental properties to ensure it uses its own properties whenever possible.

The council has achieved savings from procurement but there is scope for further improvement

78. The council has made savings through better procurement with, for example, £1.6 million of savings in 2015/16. This included savings of £0.8 million and £0.6 million in the procurement of temporary accommodation and insurance services respectively.
79. The council scored 46 per cent in a 2016 procurement assessment by Scotland Excel, Scotland's centre of procurement expertise for local authorities. This indicates that procurement practices can be improved. The council is reviewing the feedback it received from Scotland Excel and will prepare an action plan to take forward the recommendations.

Part 4

Is the council working well with its partners?



The council works well with its partners to identify local priorities and to help deliver services

The council worked closely with stakeholders in developing the new local outcome improvement plan which includes a more focused set of local priorities.

The council has well-established arrangements for engaging with its communities.

The council is working with Stirling Council to progress a City Deal to support regeneration in the area.

The council worked closely with stakeholders in developing the new local outcome improvement plan which includes a more focused set of local priorities

80. The council has well-established partnership working arrangements. It is an active member of the Clackmannanshire Alliance alongside representatives including local businesses, Forth Valley College, the NHS and police and fire services. The council worked closely with other members of the Clackmannanshire Alliance to develop the new local outcome improvement plan (LOIP).
81. The LOIP includes four strategic outcomes for Clackmannanshire:
- Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all
 - our families, children and young people will have the best possible start in life
 - women and girls will be confident and aspirational, and achieve their full potential
 - our communities will be resilient and empowered so that they can thrive and flourish.
82. The LOIP was agreed after a local poverty assessment and a workshop with stakeholders, including third sector organisations and volunteer groups. The Clackmannanshire Alliance used an online consultation and five themed workshops to further develop the priorities and actions to achieve the strategic outcomes. These plans focus on improving local outcomes for women and children and residents in South Alloa, which evidence indicates are the most disadvantaged within Clackmannanshire's communities.
83. [Exhibit 9](#) shows the performance of the council and its community partners against its previous SOA priorities based on national performance indicators. The exhibit shows that the partnership's performance is below that of council

areas with similar levels of deprivation, including its family group. This includes Fife, Falkirk, Renfrewshire, South Ayrshire, South Lanarkshire, West Lothian and Dumfries and Galloway councils.

Exhibit 9

Performance indicators ranked against other councils, filtered by priority areas

The council performs comparatively poorly in priority areas.

Priority Area for Council & Community Planning Partners	Indicator	Ranking (out of 32 councils)	Above or below Family Group?
Health is improving and health inequalities are reducing	Percentage of babies at a healthy birthweight	30	
	Percentage of primary 1 children who have body mass index classified as a healthy	4	
	Emergency admissions for age 65 and over per 100,000	3	
	Accident and Emergency attendance rates per 100,000	5	
	Well-Being measurement	31	In line
	Early mortality: European Age Standardised Rate of deaths for persons under 75	26	
People are better skilled, trained and ready for learning and employment	S4: Average tariff score - all pupils	16	In line
	Percentage of school leavers entering positive and sustained destinations (such as further education or training)	32	
Our communities are more cohesive and inclusive and Vulnerable people and families are supported	Percentage of population (aged 16-64) in receipt of out of work benefits	25	
	Percentage of children in poverty	27	
The area has a positive image and attracts people and businesses	Employment rate	28	
	Median weekly earnings for residents in community planning partnership area who are employed	19	
	Survival of new businesses (3 year period)	31	
Our environment is protected and enhanced for all	CO2 emissions (tonnes per capita)	28	
Our communities are and feel safer	Total crimes per 10,000 population	21	
	Number of dwelling fires per 10,000 population	24	

Key

	Ranking (out of 32 councils)	Above or below Family Group?	
Quartile 1			Above family group performance
Quartile 2			
Quartile 3			Below family group performance
Quartile 4			

Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2015/16

84. In April 2016, the Improvement Service produced a Community Planning Outcomes Profile. This allows councils to compare how outcomes are changing for people in the ten per cent least and most deprived areas. The data only covers the period to 2012/13 but it indicates widening gaps in inequality across communities in Clackmannanshire. This contrasts with the national picture where the inequality gap is generally narrowing ([Exhibit 10](#)).

Exhibit 10

Comparison of most and least deprived areas against performance indicators

Inequalities are increasing among most indicators, which is in contrast to Scotland as a whole, where the gap between the most and least deprived areas is generally reducing.

Key

Gap is narrowing
Gap is widening

Inequality Indicators	Clackmannanshire		Scottish Average		Inequality gap greater or smaller than the Scottish picture	Time period covered
	Size of gap between 10 per cent least deprived and most deprived data zones	Percentage change in gap in period covered	Size of gap between 10 per cent least deprived and most deprived data zones	Percentage change in gap in period covered		
Percentage of children in poverty	32.5%	-6.7%	36.7%	-3.6%	Smaller	2009/10 - 2012/13
S4 Tariff Score	-115.2	25.5%	-86.6	-12.5%	Greater	2002/03 - 2012/13
Percentage of school leavers in positive and sustained destinations (such as further education or training)	-27.9%	9.5%	-15.3%	-3.0%	Greater	2007/08 - 2012/13
Percentage of population (aged 16-64) in receipt of out-of-work benefits	35.6%	0.5%	35.1%	-0.4%	Greater	2010/11 - 2012/13
Crime rate per 10,000 population	1,118	27.0%	796	-15.0%	Greater	2004/05 - 2010/11
Emergency hospital admissions per 100,000 population (65+)	8,629	0.7%	16,530	26.0%	Smaller	2002/03 - 2012/13

Note: The difference between the 10 per cent most deprived data zones and the 10 per cent least deprived data zones is called the inequality (by deprivation) gap. A data zone is an area based on 2001 Census data consisting of approximately 500 to 1,000 people.

Source: Community Planning Outcomes Profile, Improvement Service, April 2016

85. The council will need to work closely with its partners to improve performance, reduce its inequality gap and achieve its new strategic outcomes. It also needs to refresh service and financial plans to ensure its services are focused on the new priorities for the area. The Children and Young People's Service Plan 2017-2020 is the first such plan designed to achieve the priorities of the LOIP.

The council has well-established arrangements for engaging with its communities

86. The third sector in Clackmannanshire is a significant local asset with more than 250 voluntary organisations delivering services and activities. These organisations attracted more than £800,000 in funding to the area in 2016/17. The Clackmannanshire Third Sector Interface is the independent support and representative organisation for charities and volunteer organisations within Clackmannanshire. It welcomed the new approach to developing the LOIP particularly the widespread and open consultation.

87. The council consults with the public through its online Citizen's Panel which is designed to be demographically representative. It also has a citizen space website which hosts consultations covering a range of local issues. The council provides information on its website about the results of some of the public consultations including what outcomes have been delivered.

88. In early 2017, the council consulted with a wide range of stakeholders on its budget proposals. This involved a range of groups including community partners, local businesses and service users.

89. The council's service reviews often involve working with the people who use the service. For example, the council surveyed school children, teachers and parents to assess how well children's services were meeting demand and identify what improvements could be made.

90. The council has demonstrated that it can engage with and support its communities to achieve local aspirations. The Bannockburn Action Plan has been

developed by a broad range of people in the community of Bowmar supported by the council and a local charity. The plan highlights the strengths of the community and sets out an ambitious plan for action to improve the lives of those living in Bowmar.

91. The council is at an early stage of working through the implications of the Community Empowerment (Scotland) Act 2015.

The council has transferred adult social care services to its health and social care partnership, but it is too early to assess the impact

92. Clackmannanshire and Stirling Integration Joint Board (IJB), which provides health and social care services across the council areas, began in April 2016. The IJB includes Clackmannanshire Council, Stirling Council and NHS Forth Valley. The IJB approved its Strategic Plan 2016-19 in February 2016, setting out its objectives and priorities over the three-year period.
93. In 2017, the council transferred operational responsibility for adult social care services to the IJB. It is too early to assess what impact this has had on services, particularly as Stirling Council and NHS Forth Valley are working towards delegating services in the same way.

The council is working with Stirling Council to progress a City Deal to support regeneration in the area

94. City Deals provide city regions with the opportunity to deliver infrastructure (such as housing and business parks), innovation and employment projects to improve economic performance. The UK and Scottish governments both provide funding with councils contributing additional funding. Clackmannanshire and Stirling councils entered a joint bid for a City Deal which was approved in 2016, although negotiations over funding and delivery are ongoing with the UK Government.⁴
95. The council has worked with Scottish Futures Trust (SFT) to develop Clackmannanshire's part of the joint bid. The council, through the SFT, worked with partner organisations such as Skills Development Scotland, Clackmannanshire Business and Scottish Enterprise to help decide how to use any City Deal funds for Clackmannanshire. Further workshops with other local partners have taken place.
96. The full submission to the UK Government is not yet complete, but the council has agreed it will cover three themes:
- investor confidence - increasing private sector investment in the area
 - inclusive growth - developing the local workforce
 - sustainable place - investment in green jobs, green infrastructure and green energy.
97. City Deal funding will be spent in specific areas of Clackmannanshire, in keeping with the more targeted nature of the new LOIP. Plans include infrastructure investment in Alloa and Sauchie. The UK Government's 2017 Autumn Budget Statement confirmed that progress is being made in relation to the deal.

⁴ Timeline for the City Deal submission included in the City Deal Programme Update, published February 2017

Part 5

Is the council demonstrating continuous improvement?



The council has made improvements in some areas since 2007, but its financial challenges are significant and it now needs to take urgent and decisive action

The council has effective arrangements for financial planning and has worked well with partners to identify priorities. It has maintained service performance and customer satisfaction in a number of key areas while making significant savings. It now needs to make the transformational changes necessary to secure its financial position.

The council is developing an ambitious programme for change and improvement. Effective political and officer leadership will be necessary to successfully implement these plans.

The council may benefit from external support to help improvement.

The council has demonstrated improvement in some areas since 2007 but further progress is required

98. Our 2007 Best Value report found that Clackmannanshire Council faced significant challenges with limited capacity and significant improvements to make. At that time we concluded that it had established a wide-ranging improvement plan with an ambitious timescale and councillors and officers needed to provide stronger leadership in supporting continuous improvement.
99. Over the period from 2007 to 2014 the council's external auditors reported that the council was performing well and making improvements. In 2015, the external auditors highlighted concerns with the pace and scale of delivery of the council's business transformation programme. They assessed progress as part of their annual audit and reported in September 2015 that the council was making insufficient progress in addressing its significant short to medium-term financial challenges.⁵ With demographic changes and ongoing demand pressures, the external auditors did not believe this approach was financially sustainable.
100. The external auditors found that officers had invested significant time and attention to presenting alternative financial scenarios, financial modelling options and leading practices from elsewhere, but progress was limited. The

⁵ *Delivering Change and Financial Sustainability*, presented to Resources and Audit Committee September 2015

auditors also reported that significant and difficult decisions, such as those around schools estates strategy, leisure services and reviews of discretionary spending, had been deferred for over a year.

101. The external auditors noted a lack of political consensus around some of the more difficult areas for decision and prioritisation. A wide range of views existed, with some councillors accepting that prioritisation and difficult decisions were inevitable while others still regarded the use of reserves as the main solution to the medium-term financial challenges. This had resulted in a lack of direction for officers.
102. In March 2016 the Shared Risk Assessment by Audit Scotland and other scrutiny agencies identified that Best Value audit work should be carried out to review leadership, governance and financial sustainability. A new approach to auditing Best Value was agreed by the Accounts Commission in 2016. Clackmannanshire Council was included in the first group of councils to receive this Best Value Assurance Report.
103. Since 2007 the council has managed to make improvements and maintain service performance in some areas. Considerable senior officer time and effort has been spent managing the impact of political change, for example designing alternative models for service delivery, redesigning governance and administrative arrangements and preparing new budgets. The council has also established effective arrangements for financial planning and worked well with partners to identify tighter focused priorities. The challenges facing local government have changed significantly since the 2007 report and some areas for improvement identified in the previous audit remain ([Exhibit 11](#)).

Exhibit 11

Comparing selected Best Value judgements, 2007 and 2018

The council has demonstrated improvement in some areas but further progress is required at a time when it faces acute financial challenges.

Controller of Audit judgement 2007

Members and officers of the council need to provide stronger leadership for continuous improvement. They need to review political and managerial structures, establish a clearer strategic focus with fewer, clearer priorities, clarify scrutiny arrangements, and make community planning and engagement with local communities more effective.

The council's overall vision is not consistently articulated in its corporate and community plans. The plans set out too many priorities and the council has insufficient capacity to meet the challenging timescales.

The council has developed some effective partnerships, particularly for the delivery of community care services and in tackling antisocial behaviour. More generally, it needs

Controller of Audit judgement 2018

The council has well-established strategic priorities. But political instability in recent years has affected its focus and ability to make the decisions needed for lasting progress. Recently there are signs of more effective working relationships across political groups; this will be tested as the council deals with the difficult decisions it faces. Members and officers work constructively on a day-to-day basis. There is less evidence of the coherent, combined political and officer leadership necessary to implement and maintain change.

The council works well with its partners to identify local priorities and to help deliver services. It worked closely with stakeholders in developing the new local outcome improvement plan (LOIP), which will be implemented by community planning partners, the Clackmannanshire Alliance. The LOIP includes a more focused set of local priorities, including specific geographic areas and particular groups of people, such as children

to better demonstrate the impact of community planning. Along with community planning partners the council has developed new ways of identifying the needs of its communities, but these have had variable success and could be more effective.

and women. These provide a clear basis for prioritising resources in future.

The council's performance varies across services with an above average proportion of SPIs among the best performing councils in Scotland but also a slightly above average number among the worst performing councils.

Clackmannanshire has several areas of comparatively high deprivation and economic activity is lower than the Scottish average. Over a period of budget reductions and service cuts, the council has maintained service performance and customer satisfaction in a number of key areas. But the pace of improvement is slow in some areas and not evident in others.

The council has improved its financial management and budgetary control systems in recent years, but there is scope for further improvements.

The council receives good quality information about its finances and has a clear understanding of the scale of the financial challenge.

Clackmannanshire Council faces significant challenges with limited capacity. Its efforts to promote Best Value have not progressed as planned and it needs to improve in a number of areas. It has established a wide-ranging improvement plan with an ambitious timescale for delivery.

The council has made improvements in some areas, but the financial challenges are much more significant meaning that it now needs to take urgent and decisive action. Only then will the council be in a position to demonstrate the pace, depth and continuity of improvement associated with Best Value.

Source: Clackmannanshire Council: the audit of Best Value and Community Planning. Prepared by Audit Scotland for the Accounts Commission, September 2007

The council now needs to take urgent and decisive action to secure its financial position

104. The council's predicted budget gap in 2018/19 is 26 per cent more than the gap it has had in any of the previous seven years. Its biggest annual saving over that period was six years ago and was 80 per cent of what is required in 2018/19. The council has been regularly advised, for some time, of the scale of the financial challenge and the importance of taking the difficult decisions needed to secure its financial position.
105. The council has not fully achieved its plans for transformational change. At the time of our audit, the council was developing a comprehensive and ambitious programme of change based on work undertaken under Making Clackmannanshire Better. This has four main themes:
- using target operating models to deliver services
 - taking forward a whole organisation redesign and associated structure
 - developing workforce strategies quickly to ensure it has a supported and fit-for-purpose workforce
 - committing to delivering services digitally.
106. There are similarities between the council's refreshed transformation programme and previous unsuccessful approaches. In 2014, the external auditors highlighted that a pilot exercise in Tullibody had developed three new target operating models for integrated services. The models, once fully tested,

were to be replicated across the council as a whole. The external auditors noted that this approach offered the potential for significant cost reductions and better outcomes for the communities of Clackmannanshire. The external auditors reported limited evidence of the lessons learned from the Tullibody pilot being rolled out across the council and in December 2014 the council rejected proposals for target operating models and the use of compulsory redundancy as a last resort.

107. As noted in Part 1 of this report, the council is redesigning its organisational structure to help it achieve its programme of transformation. This includes significantly changing its senior management structures. The council will need to balance having less senior officer resource with its ability to make the changes and improvements required. This includes making the most of opportunities such as the City Deal.

The council may benefit from external support to help improvement

108. There are some examples of the council using external support to help make improvement. The housing and revenues services have been successful in making savings and improvements following a review by an external consultant ([Case study 2](#)).

Case study 2

Working with an external consultant the council changed its management and approach in housing and revenues services

At the time of the consultant's review processing times for new claims and changes to housing benefit claims were worsening and significantly longer than the Scottish average. Both services were facing significant budget cuts and were striving to provide more efficient and effective services. The review found that:

- different services within housing found it difficult to work with each other to provide a streamlined service for customers
- the wrong things were being measured, which led to focus in the wrong areas
- a number of practices were wasteful or not adding value
- staff spent much of their time trying to fix issues arising from poor customer service.

A range of changes and improvements were made as a result of the review. The council reduced staff levels by 13 per cent between September 2014 and March 2016 and were still able to:

- reduce housing revenue account budget spend by £720,000
- reduce the time taken to process: void properties by 50 per cent; housing repairs by 66 per cent; new benefit claims by 28 per cent and changes of circumstances by 58 per cent
- reduce reoccurring housing repair jobs from 24 per cent to two per cent
- reduce rent arrears by five per cent in pilot areas
- reduce the percentage of new tenants going into arrears from 59 per cent to 37 per cent
- increase the percentage of homeless housed from 57 per cent to 87 per cent
- increase key customer satisfaction scores
- increase council tax collection rates to the council's highest rate since 2009.

The council has continued to identify savings and make improvements.

Case Study – Transforming Housing Services: Clackmannanshire Council, June 2016

109. In setting its 2017/18 budget, the council rejected proposals to provide money for external support and assistance to deliver improvement. Given the scale of its financial challenge, the council should consider how it could use external support to help improvement.

Recommendations



Councillors and officers should build on their constructive working relationships to provide the coherent, combined leadership necessary to secure the council's financial position.

The council should consider savings options and decide how best to direct resources to priorities. It should work with communities to develop options and prepare for the difficult decisions it has to make.

The council should further develop its working relationships with community planning partners to ensure their combined resource is directed towards the strategic local outcomes.

The council should balance the drive for savings with the need for sufficient officer time and skills to support change. It should also consider how it could make more use of external assistance to support improvement.

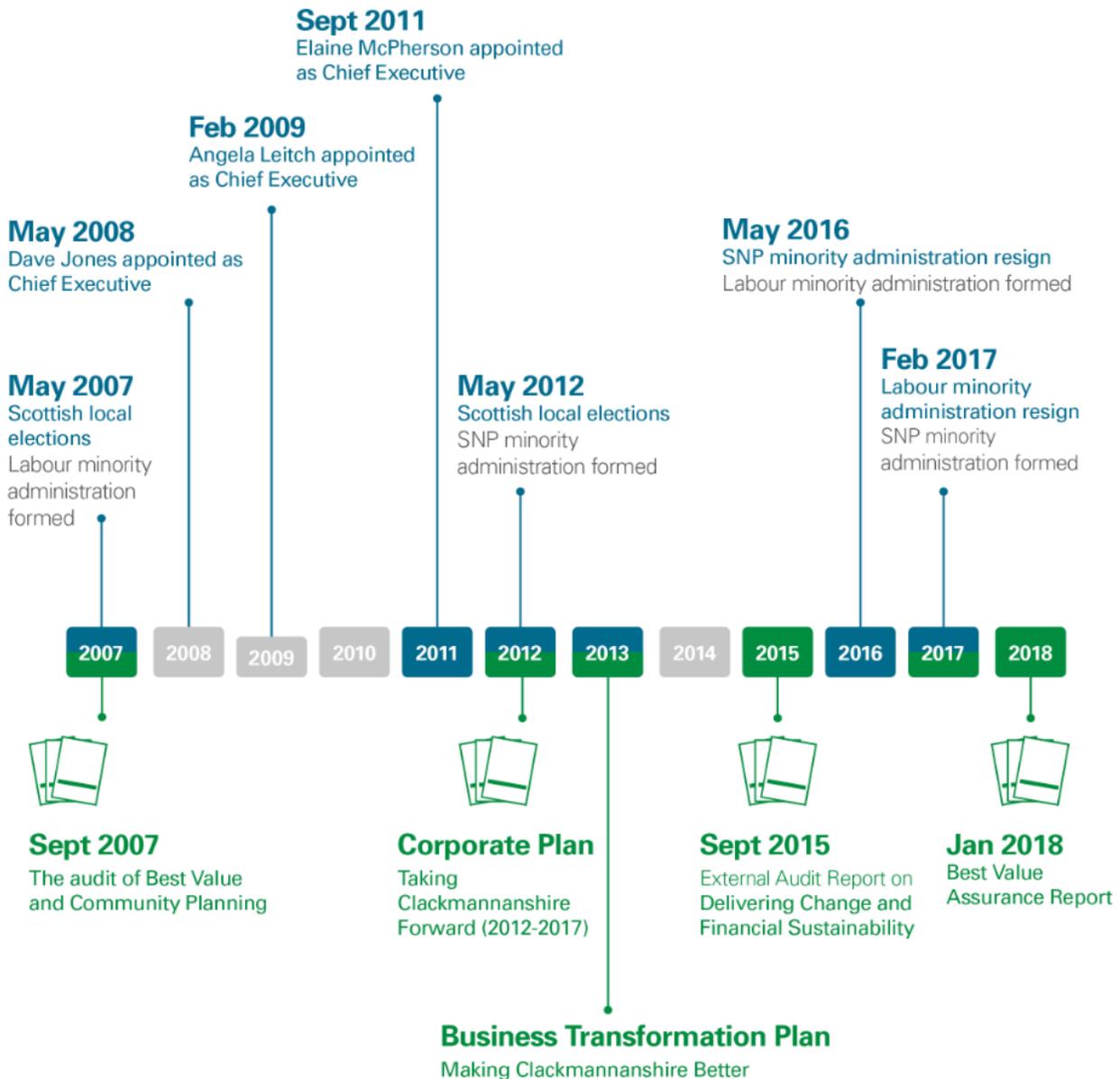
Next steps

Future audit work

110. Auditing Best Value is a continuous process that forms part of the annual audit of every council. Audit conclusions will be reported each year through the Annual Audit Report. As part of our annual audit work we will follow-up the progress the council is making in response to this report.
111. Our audit work will continue to be shaped by the Shared Risk Assessment. This is a joint approach agreed by the Accounts Commission, Audit Scotland and other scrutiny partners such as Education Scotland and the Care Inspectorate, using information about local government to plan scrutiny activity that is proportionate and based on risk. This approach will contribute to the audit intelligence and help us decide about the timing of audits and the focus of audit work at individual councils.

Appendix 1

Best Value audit timeline



September 2007 – The Audit of Best Value and Community Planning:

The Accounts Commission published its first Best Value report on the council in September 2007. The Commission's 2007 findings highlighted progress was slow due to the council's limited capacity, high number of priorities and lengthy list of improvements needed. The council was facing challenges in terms of its scale, social and economic characteristics, location and limited transport links. It highlighted areas of improvement including the need for effective leadership by elected members and sharper prioritisation of vision, priorities and policies with resource decisions.

January 2018 - Best Value Assurance Report

The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year appointment for each council. This is the sixth of its kind. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities.

Clackmannanshire Council

Best Value Assurance Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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ACCOUNTS COMMISSION

AUDITING BEST VALUE: CLACKMANNANSHIRE COUNCIL

JANUARY 2018

FINDINGS

The Commission accepts the Controller of Audit's report on Best Value in Clackmannanshire Council. We endorse the recommendations set out by the Controller of Audit in his report and expect the Council to act upon them.

We are seriously concerned about the Council's financial position. The Controller of Audit reports the need for savings of £29 million over the next three years, from an annual budget of £118 million. We underline the Controller of Audit's view that urgent and decisive action is needed by the Council to address these required savings.

The Council previously agreed a new strategic model for providing services and this now needs to be taken forward. In doing so, the Council must consider carefully a balance between finding savings and ensuring it has the officer capacity and time to identify those savings and deliver change, while still maintaining the performance of its services.

To do so, clear political leadership is needed. This was not in evidence in the political instability in recent years. The duty of Best Value is the responsibility of the whole council: this needs to be fulfilled by members working collectively. Combined leadership between members and officers is also vital.

The need to ensure sustained effective leadership and improvement is substantial. The design and implementation of transformational change in a complex organisation is demanding, and more so when carried out under time and resource pressure. The task of securing the necessary changes to sustain services and demonstrate Best Value is urgent. It is our view therefore that the Council should seek external assistance of appropriate quality and experience.

The challenges faced by the Council and its partners in improving outcomes and reducing inequalities for the people of Clackmannanshire are significant. The local outcome improvement plan provides an important vehicle for the Council and its partners to help prioritise resources. We encourage the Council to build on this partnership working, and its good record of engaging with communities, to deliver the required change.

We require a further report by the Controller of Audit on the progress made by the Council in June 2019 or earlier if the Controller identifies concerns that he considers should be brought to our attention before then. In line with our new approach to auditing Best Value, the annual audit process will be used to monitor and report such progress.

